

# HOUSE BILL REPORT

## EHB 2285

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### As Passed Legislature

**Title:** An act relating to local improvement districts and utility local improvement districts comprised of property in more than one city or town.

**Brief Description:** Addressing the formation of local improvement districts and utility local improvement districts comprised of property in more than one city or town.

**Sponsors:** Representatives Flannigan and Simpson.

#### Brief History:

##### Committee Activity:

Transportation: 2/27/09 [DP].

##### Floor Activity

Passed House: 3/11/09, 70-26.

Passed Senate: 4/17/09, 31-14.

Passed Legislature.

#### Brief Summary of Engrossed Bill

- Authorizes cities to form local improvement districts encompassing areas that are located, entirely or in part, within an adjoining city's boundaries, if the legislative authority of the adjoining city approves formation of the district or districts.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 17 members: Representatives Clibborn, Chair; Liias, Vice Chair; Campbell, Eddy, Finn, Flannigan, Moeller, Morris, Rolfes, Sells, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

**Minority Report:** Do not pass. Signed by 8 members: Representatives Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Cox, Ericksen, Herrera, Johnson and Klippert.

**Staff:** Kathryn Leathers (786-7114)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:**

Cities and towns are authorized to finance a wide variety of public improvements with local improvement districts and utility local improvement districts (LIDs or districts), and may form districts that are composed, entirely or in part, of areas outside of the city's or town's corporate limits.

The costs of a LID may be paid, in whole or in part, through special assessments levied against property that is specially benefited by the proposed improvements.

The determination of whether an improvement confers special benefits to a property is made by comparing the fair market values of the property before and after the improvements are made. Once it is determined that a property is specially benefited, any LID assessment must be logically related to, and cannot exceed, the special benefit amount.

A LID may be created either through a resolution passed by the governing body of the city or town, or by the petition of property owners within the proposed district. Cities are not required to obtain the permission of benefited property owners in order to make the improvements and impose assessments; however, cities must provide adequate notice to affected properties so that the property owners may challenge the amount, existence, or character of the assessments before they become final. A city's or town's authority to proceed with a LID initiated by a resolution may be divested if a protest is timely filed by property owners representing those owners in the district that are subject to 60 percent or more of the total cost of the improvement. Property owners who file timely objections are entitled to appeal the decision of the legislative authority.

**Summary of Engrossed Bill:**

With the approval of the legislative authority of the adjoining city, cities are authorized to form LIDs or utility LIDs, for transportation and infrastructure purposes, that are composed of areas located, entirely or in part, within the adjoining city's boundaries.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) This bill is about creating jobs, and getting a transportation project done. The City of Tacoma and the town of Ruston want to work together on an infrastructure project but there are some ambiguities or gaps in the law related to forming cross-jurisdictional local improvement districts (LID), and this bill provides a tool that addresses those gaps.

This is a technical solution to a gap in the laws, and it will empower small cities and towns by making it possible for them to partner with larger cities and towns. This bill applies to any city statewide wanting to work with an adjoining city or town.

If this bill is passed, Tacoma can create and administer a single LID for Tacoma and the town of Ruston, and will allow for proper bond financing to be completed. This is quite an opportunity for the town of Ruston because it could not undertake the project on its own. Current statutory protections relating to LIDs apply to this tool.

Some concerns have been raised related to the burden on small towns like Ruston, since it will be responsible for any bonds issued. The parties to this project have not yet formed the LID, only preliminary steps have been taken.

(Opposed) None.

**Persons Testifying:** Representative Flannigan, prime sponsor; Representative Simpson; Marilyn Stricklund, City of Tacoma; Hugh Spitzer, Foster Pepper PLLC; Jim Hedrick, City of Ruston; and David Britton.

**Persons Signed In To Testify But Not Testifying:** None.